

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 COME-00 EB-07 CIAE-00 INR-07 NSAE-00

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R 161320Z JAN 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 9831

LIMITED OFFICIAL USE SECTION 1 OF 2 TEHRAN 0494

E.O. 11652: N/A

TAGS: BEXP, IR

SUBJ: MAJOR US-IRAN BUSINESS DEALS

REF: STATE 275381 12/17/74; STATE 9088

MAJOR PROJECTS/DEALS IN BIDDING OR PRELIMINARY STAGES INVOLVING
US FIRMS AS FOLLOWS:

1. TELEPHONE SYSTEM: 900,000 TELEPHONE LINES IN TEHRAN, OTHER
MAJOR CITIES AND RURAL AREAS. TO BE COMPLETED WITHIN THREE YEARS.
SYSTEM WILL PROBABLY BE ELECTRONIC. ESTIMATED VALUE OVER \$500
MILLION. US FIRMS INTERESTE: GTE AND ITT. COMMENT: GTE, WHICH WILL
SOURCE BULK OF EQUIPMENT FROM US, EXPECTED TO WIN AT LEAST HALF
OF PROJECT. ITT PROPOSAL SOURCES ALL EQUIPMENT FROM EUROPE.

2. ROADS: 2,600 MILES EXPRESSWAY AND 9,000 MILES PRIMARY AND
SECONDARY ROADS. FIRST 1040 KM SEGMENT WILL BE AWARDED TO CONSOR-
TIUM OF MORRISON-KNUDSEN, OMAN AND FRENCH CONTRACTORS WITHIN TWO
MONTHS; SECOND 1060 KM SEGMENT WAS TENDERED EARLY 1975. TOTAL
PROJECT (INCLUDING EQUIPMENT) \$5 BILLION. US FIRMS LIKELY TO BID
ON TENDERS: JONES CONSTRUCTION, G F ATKINSON, AUSTIN BRIDGE,
GREEN CONSTRUCTION, NELLO L TEER, ZACHARY, WINKELMAN, WRIGHT,
SHEPHERD, PERINI, AND S J GROVES.

3. HOSPITALS: MINISTRY OF HEALTH TURNKEY HOSPITAL PROJECT INCLUDES
6,000 BEDS, TRAINING AND STAFFING. ESTIMATED VALUE \$300 MILLION.

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AMERICAN MEDICORP WILL BE AWARDED 2,000 BEDS; AMERICAN HOSPITAL

SUPPLY AND CONSORTIUM HEADED BY CHARTER MEDICAL CORPORATION BIDDING ON REMAINING 4,000 BEDS. MINISTRY OF SOCIAL WELFARE TURNKEY PROJECT WILL INCLUDE 25 HOSPITALS, 8,000 BEDS. SOME HOSPITALS WILL BE SPECIALIZED, SUCH AS PSYCHIATRIC AND DRUG ADDICTION. ESTIMATED VALUE \$300 MILLION. SAME FIRMS AS ABOVE INTERESTED IN COMPETING. MINISTRY OF SCIENCE & HIGHER EDUCATIONS INTERNATIONAL MEDICAL COMPLEX WILL INCLUDE NURSING SCHOOL AND SPECIALIZED CLINICS. ESTIMATED VALUE \$200 MILLION. SAME FIRMS AS ABOVE INTERESTED IN COMPETING, ALTHOUGH AMERICAN HOSPITAL SUPPLY HAS PRELIMINARY PLANNING CONTRACT.

4. RAILROADS: FIRST PHASE OF MAJOR RAILROAD EXPANSION INCLUDES DOUBLE ELECTRIFIED TRACK FROM BANDAR ABBAS TO GOL-EE-GOHAR. ESTIMATED VALUE \$1 BILLION. THREE US FIRMS, INCLUDING MORRISON-KNUDSEN, WILL SUBMIT PROPOSALS. COMMENT: SECOND PHASE OF PROJECT FROM GOL-EE-GOHAR TO BAFK WILL PROBABLY BE TENDERED FALL 1975. ESTIMATED VALUE \$1 BILLION. SAME FIRMS PREQUALIFIED FOR FIRST PHASE EXPECTED TO BE INVITED TO BID.

5. PORTS: LARGE TURNKEY PROJECT AT BANDAR ABBAS, WHICH INCLUDES CONSTRUCTION OF NEW TOWN. ESTIMATED VALUE \$500 MILLION. OTHER TURNKEY COMMERCIAL PORT PROJECTS AT BANDAR BUSHER, CHAHBAHAR AND 12 GULF PORTS TOGETHER ESTIMATED AT OVER \$100 MILLION. ONLY US BIDDER IS SANDERSON AND PORTER-DRAVO JOINT VENTURE.

6. MAIL SORTING EQUIPMENT SYSTEM FOR NEW TEHRAN POST OFFICE: ESTIMATED VALUE \$12 MILLION. US FIRMS PREQUALIFIED: ROHR PLESSEY, E-SYSTEMS, AND TAI.

7. NEW TEHRAN AIRPORT: ESTIMATED VALUE \$500 MILLION. US FIRM TAMS HAS BEEN AWARDED ENGINEERING AND DESIGN CONTRACT.

8. NUCLEAR POWER PLANTS: ATOMIC ENERGY ORGANIZATION OF IRAN IS EXPECTED TO LET CONTRACTS FOR SEVERAL ADDITIONAL NUCLEAR POWER PLANTS IN MAY 1975. VALUE APPROXIMATELY \$600 MILLION EACH. WESTINGHOUSE, GE, AND STONE & WEBSTER ARE INTERESTED. COMMENT: US FIRMS PROBABLY HAVE INSIDE TRACK, SINCE WEST GERMAN AND FRENCH COMPANIES WON FIRST FOUR PLANTS. ALSO, DESALTING CAPABILITY, IN WHICH WESTINGHOUSE HAS PERHAPS BEST EXPERTISE, CONSIDERED IMPORTANT FOR LATER PLANTS.

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9. URANIUM ENRICHMENT FACILITY: GOI SERIOUSLY INTERESTED IN INVESTING IN NEW GASEOUS DIFFUSION PLANT IN US TO OBTAIN ASSURED ACCESS TO SOURCE OF ENRICHED URANIUM FOR NUCLEAR POWER PLANT PROGRAM. IRANIAN TWENTY PERCENT SHARE OF PLANT WOULD AMOUNT TO ABOUT \$550 MILLION. US FIRM INTERESTED IS URANIUM ENRICHMENT ASSOCIATES, WHICH IS CONNECTED WITH BECHTEL. UEA PLANS TO HAVE PLANT IN OPERATION IN 1983.

10. TRANSPORTABLE ERTS GROUND STATION: GOI REQUESTED BIDS BY DECEMBER 21, 1974. US FIRMS INVITED TO TENDER: BENDIX, GE, ROCKWELL, AND RCA. VALUE ABOUT \$5.2 MILLION.

11. ERTS GROUND STATION: GOI WILL PROBABLY SEEK SUPPLIER FOR PERMANENT INSTALLATION DURING 1975. DEPENDING UPON SIZE AND FUNCTION, PROJECT COULD RANGE IN VALUE BETWEEN \$10 AND \$25 MILLION. SAME COMPANIES AS IN ITEM 10 ARE INTERESTED.

12. AGRICULTURE: ONLY PENDING PROJECT IS JOINT VENTURE PROPOSED BY DANFORD-CHAMPLIN FARMS OF COLORADO FOR ESTABLISHMENT OF 50,000 HECTARE DRY LAND FARMING OPERATION, INCLUDING IMPORTS OF FARM MACHINERY, TRACTORS AND WHEAT STORAGE BINS. ESTIMATED COST: OVER \$10 MILLION. COMMENT: FOUR AGRICULTURAL JOINT VENTURES ALREADY ESTABLISHED. EMBASSY ANTICIPATES THAT JOINT COMMISSION WILL GENERATE REQUESTS FOR US BUSINESS TO PLAN AND DEVELOP FARM ENTERPRISES ON REGIONAL (WITHIN IRAN) BASIS.

13. SATELLITE COMMUNICATION: PROBABLY MULTI-BILLION DOLLAR PROJECT INVOLVING POSSIBLY THREE SATELLITES AND SEVERAL THOUSAND GROUND STATIONS. US FIRMS INTERESTED: HUGHES, ITT, PHILCO-FORD, FAIRCHILD, AND OTHERS.

14. DEVELOPMENT OF ELECTRONICS INDUSTRY: IRAN ELECTRONICS INDUSTRIES (IEI) IS NEGOTIATING WITH SEVERAL US AND FOREIGN FIRMS TO SET UP DIVISIONS FOR PRODUCTION OF PRIMARILY MILITARY ELECTRONICS EQUIPMENT. HUGHES AND WESTINGHOUSE HAVE SIGNED CONTRACTS. US FIRMS INTERESTED: ITT, COLLINS, ROCKWELL, AND OTHERS.

15. DELMONTE JOINT VENTURE PROPOSAL FOR INTEGRATED FISHERIES-CANNING PROJECT: IN NEGOTIATION WITH GOI. DECISION WILL DEPEND ON SURVEY OF GULF FISH AND SHRIMP RESOURCES. COMMENT: PRESENT DELAY LIMITED OFFICIAL USE

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CAUSED BY GOI PROPOSAL THAT TWO FISH FACTORIES BE ESTABLISHED: DELMONTE BELIEVES RESOURCES SUFFICIENT FOR ONLY ONE FACTORY.

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ACTION NEA-09

INFO OCT-01 ISO-00 COME-00 EB-07 CIAE-00 INR-07 NSAE-00

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R 161320Z JAN 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 9832

LIMITED OFFICIAL USE SECTION 2 OF 2 TEHRAN 0494

E.O. 11652: N/A

TAGS: BEXP, IR

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REF: STATE 275381 12/17/74; STATE 9088

16. CORNING-SABET JOINT VENTURE: IN NEGOTIATION. INITIALLY WILL INVOLVE BOTTLENECK PLANT TO BE EXPANDED TO OTHER GLASS PRODUCTS.

17. STEEL: NEW PROJECTS INCLUDE MASHAD SPONGE IRON GAS REDUCTION PLANT, SUBCONTRACT WORK ON GAS REDUCTION AND STEEL COMPLEX AT BANDAR ABBAS (ITALIAN GROUP ALREADY AWARDED MAIN CONTRACT), NEW SPONGE IRON GAS REDUCTION PLANT AT ISFAHAN, AND NEW PLANT TO BE LOCATED BETWEEN BUSHIRE AND KANGAN. US FIRMS INTERESTED: SWINDELL DRESSLER, WHICH IS ALREADY BUILDING PLANT AT AHWAZ, AND ARMCO. COMMENT: BRITISH STEEL BELIEVED TO HAVE INSIDE TRACK ON ISFAHAN PROJECT AND GERMAN GROUP ON LAST PROJECT.

18. ALUMINUM: EXISTING PLANT AT ARAK IS REYNOLDS-IRANIAN VENTURE, AND REYNOLDS INVOLVED IN EXPANSION. NEW PLANT NEAR BANDAR ABBAS AWARDED TO NON-US GROUP.

19. IRAN AIR RESERVATIONS SYSTEM: \$4 TO \$11 MILLION SOFTWARE SYSTEM UNDER NEGOTIATION WITH GURMMAN DATA SYSTEMS. IBM EQUIPMENT WILL PROBABLY BE USED.

20. NIOC-KHUZESTAN FIELDS INVESTMENT PROGRAM: INCLUDES EXPLORATION, LIMITED OFFICIAL USE

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PRODUCTION, FIELD PROCESSING, SECONDARY RECOVERY, PIPELINES, AND EXPORT FACILITIES. MAJOR AREA IN PROGRAM IS GAS INJECTION FACILITIES FOR SECONDARY RECOVERY AND ASSOCIATED EXTRACTION OF NATURAL GAS LIQUIDS. ESTIMATED INVESTMENT: \$300-400 MILLION IN 1975, RISING TO PERHAPS \$600-700 MILLION ANNUALLY OVER NEXT FIVE YEARS. US FIRMS INTERESTED: FLUOR HAS ENGINEERING-DESIGN CONTRACT FOR FIRST (\$140 MILLION) GAS INJECTION PROJECT AND REPORTEDLY WILL

ALSO BE AWARDED CONSTRUCTION CONTRACT.

21. ISFAHAN REFINERY: NIOC PLANS NEW 200,000 B/D REFINERY; ESTIMATED COST \$350-400 MILLION. US FIRMS BIDDING; FLUOR AND UK SUBSIDIARY OF FOSTER WHEELER.

22. THIRD TEHRAN REFINERY: 100,000 B/D REFINERY IS REPORTEDLY IN PLANNING STAGES.

23. AHWAZ REFINERY: DECISION TO BUILD 350,000 B/D NAPHTHA-ORIENTED REFINERY REACHED, THOUGH NO TENDER YET ISSUED. ESTIMATED COST: \$750 MILLION.

24. SHELL-NIOC EXPORT REFINERY: NEGOTIATIONS IN PROCESS FOR 250,000 B/D REFINERY; PROJECT WOULD INVOLVE NIOC PARTICIPATION IN SHELL MARKETING IN 10 NORTHEASTERN STATES. ESTIMATED VALUE OF REFINERY: \$1.35 BILLION.

25. KALINGAS: JOINT VENTURE INCLUDING ISC CORPORATION (20 PERCENT) AND CHICAGO BRIDGE AND IRON (7.5 PERCENT) TO EXPORT LNG. PRESENTLY IN STAGE OF CONFIRMATION OFFSHORE GAS RESERVES. LATER PROJECT WILL INVOLVE PLANT TO PRODUCE 800 MMSCFD OF LNG AND 9-10 125,000 CU METER CAPACITY LNG CARRIERS.

26. LNG PROJECT: EL PASO (US)-SOPEX-DISTRIGAZ SIGNED LETTER INTENT WITH NIOC. FIRST STAGE INCLUDES PLANT TO LIQUEFY 2 BSCFD NATURAL GAS AND 34-35 LNG CARRIERS OF 110,000 CUBIC METERS; HALF OF GAS WILL GO TO US AND HALF TO EUROPE. ESTIMATED COST: \$5.9 BILLION. COMMENT: PROJECT COULD BE EXPANDED TO 3 BSCFD.

27. DOMESTIC PROJECTS: NIGC PLANS 880 KM GAS PIPELINE FROM NEAR MASHAD TO CASPIAN AREA, 1400 MEGAWATT THERMOELECTRIC FACILITY AT NEKA, AND 400 KM PIPELINE FROM OESHM ISLAND TO BANDAR ABBAS, WITH GAS TREATMENT PLANTS. SEVERAL US FIRMS INVESTIGATING OPPORTUNITY, LIMITED OFFICIAL USE

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AND DESIGN CONTRACT FOR ONE GAS TREATMENT PLANT AWARDED TO DAVY POWER GAS (UK FIRM, MOST OF WHOSE SUBSIDIARIES ARE IN US).

28. EXPANSION IRAN FERTILIZER COMPANY: INVOLVES 1200 MTD AMMONIA PLANT, 1500 MTD UREA PLANT, 300 MTD NITRIC ACID PLANT, AND 400 MTD AMMONIUM NITRATE PLANT. TARGET COMPLETION: MID-1978. ORIGINAL PLANT RUMANIAN BUILD, THOUGH REPORTEDLY EXPANSION WILL BE AWARDED TO WESTERN CONTRACTORS.

29. EXPANSION SHAHPOUR CHEMICAL PLANT: INVOLVES MAJOR CAPACITY INCREASES IN AMMONIA, UREA, SULPHURIC ACID, PHOSPHORIC ACID, DAP AND MAP. TARGET COMPLETION: 1978.

30. KHARG CHEMICAL CO EXPANSION: EXPANSION WILL MORE THAN DOUBLE

CAPACITY TO 460,000 MTA SULPHUR AND 590,000 MTA OF NGL'S. TARGET COMPLETION: 1978.

31. UNION CARBIDE-NPC PETROCHEMICAL PROJECT: LETTER OF INTENT SIGNED FOR \$750 MILLION, 50-50 JOINT VENTURE TO PRODUCE ETHANOL, ISOPROPANOL AND ETHYLENE GLYCOL, AND FOR NPC TO PARTICIPATE IN SUPPLY OF NAPHTHA TO U.C. COMPLEX IN PUERTO RICO.

32. DOW CHEMICAL (EUROPE)-NPC PROJECT: JOINT VENTURE LETTER OF INTENT SIGNED FOR \$500 MILLION FACILITY TO PRODUCE OLEFINS AND AROMATICS.

33. ASHLAND, B F GOODRICH, AND PHILLIPS PETROLEUM HAVE BEEN DISCUSSING A JOINT PETROCHEMICAL VENTURE WITH NPC.

34. DUPONT SIGNED JOINT VENTURE AGREEMENT WITH IRANIAN PRIVATE INTERESTS TO BUILD A 42,000 MTA POLYESTER/ACRYLIC FIBERS PLANT BY EARLY 1978. WITHIN FIVE YEARS OF THEN, THE PLANT IS TO BE EXPANDED TO 100,000 MTA.

35. FOR MORE DETAILS ON ITEMS 20-34, SEE TEHRAN A-183, DECEMBER 23, 1974.
MIKLOS

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